

Message Text

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E.O. 11652: N/A

TAGS: BEXP, CG

SUBJECT: GECAMINES EXPANSION PROGRAM

REF: STATE 141924

1. SUMMARY: DIRECTOR GENERAL UMBA KYAMITALA CONFIRMED JULY 16 THAT GECAMINES ITSELF WOULD UNDERTAKE COORDINATION AND MANAGEMENT OF EXPANSION PROJECT. REQUESTS FOR BIDS ON MAJOR MODULES HAVE BEEN SENT TO THREE US FIRMS AMONG OTHERS . END SUMMARY.

2. UMBA JULY 16 RECEIVED CHARGE AND ACTING E/C COUNSELOR AT LATTERS REQUEST. IN RESPONSE TO REQUEST FOR CLARIFICATION POINT (A) PARA 1 REF DEPTTEL, UMBA STATED GECAMINES HAD DECIED COORDINATE AND MANAGE EXPANSION PROJECT. RATIONALE WAS: (A) IN SO DOING, EXPERTISE ON EXPANSION WOULD REMAIN IN-HOUSE RATHER THAN BEING EXPORTED WHEN PROJECT COMPLETED; (B) IBRD PROCEDURES CALLED FOR SEPARATE BIDS ON EACH MODULE IN ORDER TO ASSURE LOWEST POSSIBLE PRICE. GECAMINES IN PROCESS OF RECRUTIING AN ADDITION EIGHT ENGINEERS TO ASSIST WITH PROJECT.

3. CHARGE ASKED IF UMBA WERE NOT CONCERNED ABOUT POINT MADE BY US TRADE MISSIONS: DESIRABILITY OF HAVING ONE
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EXPERIENCED CONTRACTOR RESPONSIBLE ON TURNKEY BASIS FOR

PROPER INSTALLATION AND FUNCTIONING OF ENTIRE PROJECT.
UMBA REPLIED THAT TURNKEY CONTRACTS WOULD BE SIGNED FOR
MAJOR MODULES (I.E., CONCENTRATOR, ELECTRIC REFINERY,
ACID PLANT).

4. UMBA CONFIRMED REQUESTS FOR BIDS HAD ALREADY BEEN
SENT TO FOLLOWING FIRMS (SEE ALSO LUBUMBASHI 0357):

(A) CONCENTRATOR - PARSON-JURDEN, MITCHELL COTTS.

(B) ACID PLANT - PARSON-JURDEN AND CONSORTIUM FORMED BY
SIMON-CARVES OF ENGLAND AND CHEMICAL CONSTRUCTION CORP
(CHEMICO).

(C) ELECTRIC REFINERY - PARSONS-JURDEN

(D) AGM OF SWEDEN, MITSUI, AND MITSUBISHI WERE ALSO SELECTED
FOR BIDS BUT UMBA DID NOT RECALL FOR WHICH MODULES.

5. AT JULY 17 PRESS CONFERENCE UMBA PRESENTED GECAMINES'
1973 SALES (ZAIRES 445 MILLION), AN INCREASE OF 68 PERCENT
OVER FOUR YEARS BEFORE. HE SAID NET INCOME OF ZAIRES
250 MILLION WAS DIVIDED AS FOLLOWS: ZAIRES 168 MILLION
TO GOZ FOR TAXES, ETC.; ZAIRES 2 MILLION TO IGP IN
DIVIDENDS; AND ZAIRES 80 MILLION RETAINED FOR REINVESTMENT.

6. UMBA ALSO SAID THAT 230,000 TONS OF COPPER BEING SENT
TO HOBOKEN FOR PROCESSING EACH YEAR WOULD BE REDUCED TO
150,000 TONS AND THAT BETWEEN 1980 AND 1983 THE
AMOUNT WOULD BE REDUCED TO ZERO. THE NEW FIVE-YEAR
PLAND WOULD PROVIDE 150,000 TONS OF CATHODES AND 100,000
TONS OF FLASH-SMELTED COPPER BY 1977. TOTAL PRODUCTION
FOR 1974 SHOULD BE 472,000 TONS.

7. UMBA ALSO MENTIONED THAT GOZ WAS TAKING OVER MARKETING
FUNCTION FROM SGM AND THAT STATUTES OF NEW ZAIRIAN COMPANY
WERE NOW BEING WORKED OUT. SGM WOULD BE PHASED OUT OF
OPERATION BY END OF YEAR, BUT COULD PROVIDE TECHNICAL
ASSISTANCE FOR TWO YEARS.

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8. UMBA DID NOT MENTION COST OF NEW FIVE YEAR PLAN.
WHEN QUESTIONED, HE SAID THE GECAMINES' ESTIMATE WAS
\$240 MILLION (ZAIRES 120 MILLION) BUT ON THE BASIS OF
DATA PROVIDED TO IBRD THAT FIGURE HAS ALREADY BEEN
OVERRUN. HE ADDED THAT IBRD AND GECAMINES WERE STUDYING
QUESTION AND FINAL FIGURE COULD ONLY BE KNOWN WHEN STUDY
COMPLETED. NEWLIN

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